

Brothers of the Sacred Heart

Annual Report and Financial Statements

30 June 2022

Charity Registration Number
1146264

Company Registration Number
07897531 (England and Wales)

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Reference and administrative information

Trustees	Brother Ronald Hingle SC Brother Joseph Holthaus SC Brother Clifford King SC Brother Barry Landry SC Brother Ivy Leblanc SC
Registered address	Brothers of the Sacred Heart Watling House 8 King Harry Lane St Albans Herts AL3 4AW
Address of the Brothers of the Sacred Heart (US Province)	Provincial Office 4600 Elysian Fields Avenue New Orleans LA 70122 USA
Charity registration number	1146264
Company registration number	07897531 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Investment managers	Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU
Solicitors	Stone King LLP Upper Borough Court Upper Borough Walls Bath BA1 1RG

Trustees' report Year to 30 June 2022

The trustees present their annual report together with the financial statements of the Brothers of the Sacred Heart ("the charitable company") for the year ended 30 June 2022.

The financial statements have been prepared in accordance with the accounting policies set out on pages 22 to 27 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Introduction

The Brothers of the Sacred Heart is an international Roman Catholic Congregation founded in 1821 by Reverend Andre Coindre with the fundamental mission of educating the young. Today, the Congregation has just under 1,000 members spread across 30 countries. The activities of the Brothers in England and Wales are administered and accounted for through a charitable company established in 2012. The company, which is limited by guarantee, is registered with the Charity Commission, Charity Registration Number 1146264. As there is no British province of the Congregation, the members and trustees of the charitable company are the members of the Congregation's US Provincial Council.

The charitable company's objectives include the support of members of the Congregation in England, enabling such members to continue their individual ministry; providing support for Catholic education at St Columba's College and Preparatory School (the College), St Albans; supporting Catholic education in Africa, the Philippines and elsewhere in the developing world, through the provision of grants to the Congregation; and the caring for elderly members of the Congregation who are retired in England and the United States of America.

The members of the charitable company are members of the US Provincial Council of the Brothers of the Sacred Heart. At the elections to the US Provincial Council in October 2018, Brother Ronald Hingle SC, already a member and director/trustee of the charitable company, was elected Provincial. Co-opted trustees may also be appointed by the serving trustees for a term of office ending at the next Annual General Meeting. The trustees direct and manage the affairs of the charitable company. The meetings of trustees are chaired by Brother Ronald Hingle SC. Brother Ivy Leblanc SC takes primary responsibility for the financial affairs of the charitable company. They are supported by a Corporate Services consultant and an Accountant, engaged on contracts for services. The charitable company has no employees.

Constitution

The Brothers of the Sacred Heart is an incorporated charitable company constituted as a company limited by guarantee, Charity Registration Number 1146264 and Company Registration Number 07897531 (England and Wales). The charitable company was incorporated on 4 January 2012.

Relationships with Other Charities

Since 1955 the Brothers of the Sacred Heart have had a charitable foundation governed by a Trust Deed, which in 1996 was constituted as an incorporated body under the Charities Act 1993 (Charity Registration Number 231733). In April 2012 the charitable company resolved that, subject to the consent of the Charity Commission, the assets and functions of the charitable trust should be transferred to this charitable company and that this should be executed as a deed. The charitable trust was closed and removed from the Charity Commission register on 28 February 2013.

Upon transfer of the assets and functions, the charitable company has amongst other things participated in the church appeals programme of the Catholic Missionary Union of England and Wales (Charity Registration Number 1082975) to raise funds for the African missions and missions in the developing world of the Brothers of the Sacred Heart. Following the guidance of the Diocese of Westminster, stipulating that parish mission appeals be undertaken on a one-off basis only, the charitable company no longer participates in this appeals programme, with effect from 1 August 2014.

Since 1955 the Brothers of the Sacred Heart have conducted St Columba's College and Preparatory School (Charity Registration Number 1088480) as a Roman Catholic school in St Albans, Hertfordshire. The Provincial of the US Province appoints an Executive Assistant who serves as Dean of St Columba's College and as a trustee of the St Columba's College and Preparatory School charitable company. One of his major roles is to effect good communication of all College activities and development to the members of the Provincial Council. The Dean in post on 1 July 2020, Brother Daniel St Jacques SC, is not a member of the US Provincial Council, but was a Trustee of the charitable company until 23 March 2017 and was a trustee of ZAMCOG (Charity Registration Number 1136086) until 14 November 2018, which has been a recipient of the charitable company's funds in previous years. Brother Joseph Holthaus SC replaced Brother Daniel St Jacques as Dean with effect from 2 November 2020.

In April 2012 the charitable company executed as a deed with the charitable trust, and signed by the Provincial, a Trust Deed to transfer part of the charitable trust's funds to the charitable company to establish The Coindre Bursary Trust, an education fund held in investments with Sarasin & Partners LLP, for the purpose of providing means-tested bursaries and other forms of financial support in benefit of St Columba's College and Preparatory School. The Charity Commission recognised The Coindre Bursary Trust as a registered charity linked by a Uniting Direction with the charitable company on 28 June 2012. The transfer of assets took place on 31 July 2012.

The financial statements accompanying this report are the financial statements of the charitable company, Brothers of the Sacred Heart, which has title to the Congregation's assets and liabilities in England and through which the activities of the Congregation in England are accounted for (the reporting charity) and The Coindre Bursary Trust (the linked charity). In accordance with the Uniting Direction, the funds of the The Coindre Bursary Trust are treated as restricted funds in the accounts of the charitable company.

Objectives, activities and relevant policies

Objectives and activities

The charitable company's objects are to advance for the public benefit such charitable purposes connected to the Roman Catholic religion as the trustees shall from time to time think fit. These may take place in England and Wales or in other countries where the Brothers of the Sacred Heart are established. Consideration has been given to the Charity Commission guidance on public benefit.

The charitable company's objectives include:

- ◆ Providing its vowed members the wherewithal to exercise their religious obligations and to serve as living examples of Christian discipleship to the people they meet daily;
- ◆ Providing financial support for Catholic education at St Columba's College and Preparatory School, St Albans, Hertfordshire;
- ◆ Supporting Catholic education in Africa and in the Philippines through financial assistance to the Brothers of the Sacred Heart of the Eastern and Southern Africa Province and the Brothers' Delegation in the Philippines;
- ◆ Providing financial assistance to the Brothers of the Sacred Heart to further its mission work to relieve poverty organised through the Congregation's General Council and provinces;
- ◆ Caring for elderly Brothers of the Sacred Heart of the US Province who are retired in England and in the United States; and
- ◆ Maintaining and improving the buildings owned by the Brothers of the Sacred Heart for the accommodation of the religious Congregation and for the Church's educational mission.

Protection of Children and Vulnerable Adults

Like all other organisations who serve in the Congregation, the trustees recognise the absolute necessity of ensuring the protection and safety of all those the charitable company serves in any way. This means that members engaged in any ministry in England must obtain clearance from the Disclosure and Barring Service (DBS). The trustees are fully committed to implementing all policies and procedures of the Catholic Safeguarding Standards Agency (CSSA). In February 2022 the charity registered with the Religious Life Safeguarding Service (RLSS) and signed a contract to receive the safeguarding services of Religious Life Safeguarding Services Limited, including training, advice and support.

Investment policy

The charitable company has a portfolio of listed investments which together with cash awaiting investment had a market value as at 30 June 2022 of £3,420,816 (2021 – £3,454,039).

Objectives, activities and relevant policies (continued)

Investment policy (continued)

There are no restrictions on the charitable company's power to invest. The investment strategy is set by the trustees and takes into account income requirements, the risk profile and the investment manager's view of the market prospects in the medium term; the trustees have agreed a detailed investment policy that includes ethical guidelines with the investment managers which they take into account in their choice of securities. According to the ethical policy, the trustees will not invest in companies which engage in activities which are contrary to the moral and social teaching of the Roman Catholic church, in so far as this can be practically established. The overall investment policy is to maximise total return through a diversified portfolio, prioritising total return and portfolio growth over the provision of a pre-determined level of income.

Investments are held for the continuing support and retirement needs of the brothers and for future provision of bursaries at St Columba's College. Investments are acquired in accordance with the investment policies document contained within the charitable company's administrative document. The policies are reviewed bi-annually. The charitable company's primary investment objective is to match or exceed the portfolio benchmark established for the Continuing Community Support Fund and the Coindre Bursary Trust.

Other aspects of the investment policies include:

- ◆ Not investing in companies dealing with abortifacients, armaments and tobacco;
- ◆ Common stock securities of any company should not exceed 5% of the total market value of equities in the portfolio, with the agreed exceptions of HSBC plc and BP plc;
- ◆ No more than 10% of the portfolio should be invested in any one FTSE All Share Sector (except for the Banking sector as agreed); and
- ◆ Balancing the fund to a preferred 65% in equities, 25% fixed income, 5% property and 5% cash, within a flexible range of minimum and maximum boundaries.

The performance of the portfolio and the charitable company's investment strategy are reviewed by the trustees whose representatives meet with the investment managers regularly.

Achievements and performance

Review of activities

During the year the charity continued to support the activities of the brothers as stated in the objectives above.

The charitable company used its funds to meet its objectives as follows.

- ◆ £120,024 (2021: £153,191) in support of the brothers, in England and in retirement in the US.

Achievements and performance (continued)

Review of activities (continued)

- ◆ £168,662 (2021: £131,277) in gifts and donations, including:
 - £36,620 (US \$50,000) (2021 £18,289; US \$25,000) from the reporting charity to the Solidarity Fund of the Congregation's General Council for onward distribution to projects for the relief of poverty and for education, and £87,889 (US \$120,000; 2021: £112,686) in mission support to the Philippines.
 - £44,153 (2021: £35,000) provided from The Coindre Bursary Trust, the linked charity, to support bursaries at St Columba's College (in line with the agreed policy to provide 5% of the average valuation of the fund at 31 December over the three preceding years).

Covid-19

The Covid-19 pandemic continued to impact the shape and nature of the world for part of the year to June 2022. It impacted not only the basic nature of social interactions but also had a significant economic impact at every level in ways which have been outside of the charitable company's control.

The Brothers resident in England, who are all at least 70 years of age, had to continue to adhere to the government's advice.

In the short term, the adverse conditions have been successfully navigated. The trustees will continue to keep both income and expenditure under review but do not anticipate that the impact on the charitable company's finances will be material or impact on the charitable company's going concern.

Raising funds

The charitable company aims to achieve best practice in the way in which it communicates with donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. It applies best practice to protect supporters' data and never sells data, it never swaps data and ensures that communication preferences can be changed at any time. The charitable company manages its own fundraising activities and does not employ the services of professional fundraisers. The charitable company undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During the year, the charitable company received no complaints about its fundraising activities.

Financial report for the year

Results for the year

A summary of the results for the year can be found on page 19 of the attached financial statements.

Total income for the year amounted to £406,278 compared to £404,641 in 2021.

Expenditure amounted to £288,195 compared to £320,276 in 2021. the costs in relation to supporting members of the Province and their ministry were £120,024 (2021 - £153,191). Donations given were £168,662 (2021 - £166,277). Further details of donations given are included in note 6 to the financial statements and above.

The net income for the year before investment gains was £118,083 (2021 - £84,365). The net investment losses totalled £272,253 (2021 gains - £344,704) and exchange gains on cash held by investment managers were £608 (2021 - £115). When these net losses (2021 - gains) are accounted for, the overall impact on the charitable company's funds is a decrease of £153,562 (2021- increase of £429,184) for the year.

Investment performance

During the year to 30 June 2022, the charitable company's listed investments produced an income yield of 2.65% (2021 – 3.24%) and a negative capital yield of 7.8% (2021 – positive capital yield of 11.52%).

Reserves policy and financial position

Reserves policy

As explained above, the charitable company carries out a diverse range of activities, some of which comprise short term and externally funded projects whilst others comprise long term projects requiring significant ongoing financial commitment and investment. The trustees have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets and programme related investments, designated for specific purposes or otherwise committed. The trustees consider that, given the nature of the charitable company's work, the level of free reserves should be equivalent to 36 months' expenditure. The trustees are of the opinion that this reflects the charitable company's reliance on investments to generate investment income to fund recurring expenditure, and the continued performance of St Columba's College and Preparatory School, from which the charitable company receives most of its income. The policy also provides sufficient flexibility to cover temporary shortfalls in income due to timing differences in income flows, adequate working capital to cover core costs, and will allow the charitable company to cope in the aftermath to Covid-19 and the current macroeconomic and geopolitical climate and respond to other unforeseen emergencies whilst specific action plans are implemented. The brothers in England receive minimal stipends for their work. The reserves also maintain the cost of sustaining the brothers' residence in England.

Financial report for the year (continued)

Reserves policy and financial position (continued)

Financial position (continued)

The balance sheet shows total funds £5,222,253 (2021 – £5,375,815).

These funds include restricted funds of £761,466 (2021 - £847,416). £760,583 (2021 - £846,866) in respect to the linked charity, The Coindre Bursary Trust. These funds are represented by The Coindre Bursary Trust's investment portfolio, intended for future provision of bursaries at St Columba's College. Further details of restricted funds are given in note 18 to the financial statements.

The tangible fixed assets fund equal to the net book value of the tangible fixed assets and amounting to £1,456,279 (2021 – £1,486,449) has been identified as a separate fund in recognition of the fact that such assets are required to enable the Congregation to carry out its charitable work and are not available to fund activities or meet future commitments. The programme related investment fund equal to the cost of the property used by St Columba's College and Preparatory School amounted to £215,853 (2021 – £215,853).

An amount of £1,800,000 (2021 – £1,800,000) has been designated to meet the costs of the care and welfare of members of the Province as they grow old or frail. The amount of funds set aside has been calculated using actuarial principles and will provide only modest amounts in the future. The reserves are set aside for the continuing support of the brothers in St Albans and for the needs of retired brothers both in England and the United States. It is estimated that the funds must help support elderly brothers for the next 25 years, particularly taking account of the risk to an ageing membership of suffering from Covid-19.

£66,633 represents the balance of £250,000 designated in 2020 towards the cost of future property maintenance and repairs.

Further details of the purposes of the designated funds and an analysis of the movements on the funds are set out in the notes to the financial statements.

General funds or 'free reserves' of the charitable company at 30 June 2022 total £922,022 (2021 – £959,464).

The trustees consider that this level of free reserves is in accordance with the charitable company's reserves policy stated above. The trustees are of this opinion given the volatility in world stock markets at the present time due to the political and economic uncertainties. They also accept that in the years ahead, members of the Province may require increasing and increasingly expensive health care, and that the designated retirement fund of £1,800,000 described above may prove to be inadequate and it is the intention of the trustees to increase the fund over time.

Future plans

The trustees plan that the work of the charitable company will continue without any significant change in the short term.

It is the intention of the trustees of the charity to continue to respond to the needs of the times and fulfil public benefit and to meet the objectives of caring for members of the Congregation and to support the charitable work of the brothers for the foreseeable future.

Some specific plans of the charitable company are as follows:

- ◆ Following the period ended 30 June 2022, the trustees will continue to donate US \$60k twice a year in mission support to the Philippines, a further US \$25k twice a year to the Congregation's Solidarity Fund for onward distribution to projects for the relief of poverty and for education, and donate circa £40k from the Coindre Bursary Trust to support bursaries at St Columba's College (in line with the policy noted above).
- ◆ During the forthcoming year, the charitable company will closely monitor its investments and its revenue income from St Columba's College and Preparatory School as the key risks to the charitable company's activities, and to set aside in designated funds sufficient reserves to support the ageing membership and those most at risk of suffering from Covid-19.
- ◆ Paying due heed to the impact of the Covid-19 pandemic and its consequences, both socially and economically, as well as volatility in the investment markets.

Governance, Structure and Management

Governance

In terms of civil law, the charitable company is constituted as a company limited by guarantee (Company Registration No. 07897531 (England and Wales)) and is a charitable company registered for charitable purposes with the Charity Commission (Charity Registration No. 1146264).

Trustees

The names of the trustees who served during the year are set out as part of the reference and administrative information details on page 1 of this annual report and financial statements.

At any one time there shall not be less than five nor more than seven trustees. The following trustees were in office during the year:

Trustees

Brother Ronald Hingle SC
Brother Clifford King SC
Brother Joseph Holthaus SC
Brother Barry Landry SC
Brother Ivy Leblanc SC

Governance, Structure and Management (continued)

Trustees (continued)

No trustee received any remuneration or reimbursed expenses for services as a trustee, nor had any beneficial interest in any contract with the charitable company, during the year.

The trustees are all members of the Congregation and, as such, are closely involved with the day to day work of the brothers and directly responsible for all major decisions.

The trustees are ultimately responsible for the policies, activities and assets of the charitable company. They meet at least four times a year to review developments with regard to the charitable company or its activities and make any important decisions. When necessary, the trustees seek advice and support from the charitable company's professional advisers including investment managers, solicitors and accountants. The day-to-day management of the charitable company's activities, and the implementation of policies, is delegated to appropriate members of the Province and to lay consultants and advisers as necessary.

Trustees receive induction from their professional advisers at the time of their appointment, in particular on company and charity law and trustees' duties, utilising in particular guidance provided by the Charity Commission for England and Wales. Trustees are kept updated with changes in relevant regulations and guidance by their professional advisers, they attend the annual Catholic Charity Conference, and receive regular communications from the Conference of Religious in England and Wales, the Diocese of Westminster, and from their professional advisers.

Liability of the members

In the event of the charitable company being wound up during the period of membership, or within the year following, company members are required to contribute an amount not exceeding £1.

Key management

The trustees consider that they, with the support of their professional advisers, comprise the key management personnel of the charitable company in charge of directing and controlling, running and operating the charitable company on a day-to-day basis.

All trustees are members of the Congregation and they receive no remuneration or reimbursement of expenses in connection with their duties as trustees or their work as key management.

Statement of trustees' responsibilities

The trustees (who are also directors of the Brothers of the Sacred Heart for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Governance, Structure and Management (continued)

Statement of trustees' responsibilities (continued)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ♦ make judgements and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ♦ so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ♦ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Public benefit

In formulating the charitable company's aims and in planning the work of members of the Congregation, the trustees have had regard to the general guidance published by the Charity Commission on public benefit.

Governance, Structure and Management (continued)

Risk management

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks the charitable company currently faces and have reviewed the measures already in place, or needing to be put in place, to deal with them. The continuing Covid-19 pandemic has clearly given rise to challenges and threats to the well-being of the charitable company and its activities which could not have been foreseen.

The key risks for the charitable company, as identified by the trustees, are described below together with the principal ways in which they are mitigated:

- ◆ Revenue income is dependent on the payments from St Columba's College and Preparatory School for use of the charitable company's property, which in turn is dependent on the annual school roll. Close communication with the College is being maintained and the matter kept under constant review so that measures can be taken if and when there is any early warning of a likely drop in revenue income. Recent strategic decisions by the College have helped to maintain the annual school roll.
- ◆ An analysis of the age profile of the members of the Province shows that the average age is 75 years. The trustees are aware that there is both a moral and legal obligation to care for the older members. None of the brothers has resources of their own. As the age profile increases, so too does the need to provide care for the brothers, particularly with the risk associated with contracting Covid-19 (where necessary, brothers at greatest risk have been moved to help protect their safety). Key elements of the management of this risk are: (a) ensuring that the charitable company has the available financial resources to finance this care both now and in the years ahead by setting aside assets in a designated fund, the value of which has been based on actuarial principles; and (b) ensuring that processes are in place to review regularly the ministries and needs of individual brothers encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.
- ◆ The charitable company donates significant sums in support of the wider Congregation and other organisations. The vast majority of donations sent overseas are to fund projects administered directly by members of the Congregation. Whether or not the funds are used here in England or elsewhere, the trustees always ensure that they are fully briefed about and familiar with the work of a potential recipient of funds, that funds are transferred via bank transfer, that proof of receipt is obtained and that, wherever possible (and always in the case of monies sent overseas), a full written report of how the monies have been utilised and applied is obtained from the recipient.

Governance, Structure and Management (continued)

Risk management (continued)

- ◆ The charitable company's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by a reputable investment manager who adheres to a policy agreed by the trustees. The trustees meet twice a year with the investment manager and the manager's performance and that of the portfolio are monitored. The investment strategy is assessed regularly to ensure it remains appropriate to the charitable company's needs – both now and in the future. The trustees continue to communicate with their investment managers and, whilst there are concerns over the volatility in world stock markets, the trustees acknowledge also that the charitable company is a long term investor. As such, the charitable company will be able to wait for markets to recover over time whilst the trustees keep a watching brief.

Having assessed the major risks to which the charitable company is exposed, the trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charitable company, they have established effective systems to mitigate those risks.

Acknowledgements

The trustees wish to record their recognition of the professionalism and commitment of the individual members of the Congregation, and those who have assisted the charitable company during the period.

Their dedication and positive approach are much appreciated.

Signed on behalf of trustees of Brothers of the Sacred Heart, Company Registration No. 0789531 (England and Wales) and Charity Registration No. 1146264

Trustee:

Approved by the trustees on:

Independent auditor's report to the trustees of The Brothers of the Sacred Heart

Opinion

We have audited the financial statements of the Brothers of the Sacred Heart (the 'charitable company') for the year ended 30 June 2022; which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 30 June 2022 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report and financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the charitable company through discussions with management and trustees and from our knowledge and experience of the sector. We focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charitable company. These included but were not limited to Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006,

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and those charged with governance and review of minutes of trustees' meetings.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of management and trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested and reviewed journal entries to identify unusual transactions;
- ◆ Carried out substantive testing of expenditure including the authorisation thereof;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Agreeing financial statement disclosures to underlying supporting documentation;
- ◆ Reading the minutes of meetings of the trustee board; and
- ◆ Enquiring of as to actual and potential litigation and claims.

As a result of our procedures we did not identify any key audit matters relating to irregularities.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Independent auditor's report Year to 30 June 2022

Auditor's responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Amanda Francis (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year to 30 June 2022
(including an income and expenditure account)

	Notes	Un- restricted funds £	Restricted funds £	2022 Total funds £	Un- restricted funds £	Restricted funds £	2021 Total funds £
Income from:							
Donations	1	81,043	333	81,376	73,345	550	73,895
Charitable activities	2	215,662	—	215,662	215,321	—	215,321
Investments and interest receivable	3	81,780	22,660	104,440	84,144	24,901	109,045
Other sources							
. Miscellaneous income		4,800	—	4,800	6,380	—	6,380
Total income		383,285	22,993	406,278	379,190	25,451	404,641
Expenditure on:							
Raising funds							
. Investment manager fees		(397)	(94)	(491)	171	(12)	159
Charitable activities							
. Support of members of the Congregation and their ministry	4	120,024	—	120,024	153,191	—	153,191
. Programme related investments		—	—	—	649	—	649
. Donations	6	124,509	44,153	168,662	131,277	35,000	166,277
Total expenditure		244,136	44,059	288,195	285,288	34,988	320,276
Net income (expenditure) before (losses) gains on investments	7	139,149	(21,066)	118,083	93,902	(9,537)	84,365
Exchange gains on cash held by investment managers		608	—	608	115	—	115
Net (losses) gains on the revaluation and disposal of listed investments	11	(207,369)	(64,884)	(272,253)	256,657	88,047	344,704
Net movement in funds		(67,612)	(85,950)	(153,562)	350,674	78,510	429,184
Reconciliation of funds:							
Fund balances brought forward at 1 July 2021		4,528,399	847,416	5,375,815	4,177,725	768,906	4,946,631
Fund balances carried forward at 30 June 2022		4,460,787	761,466	5,222,253	4,528,399	847,416	5,375,815

All of the charitable company's activities derived from continuing operations during the above two financial periods.

All recognised gains and losses are included in the above statement of financial activities.

Balance sheet 30 June 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets:					
Tangible assets	10		1,456,279		1,486,449
Investments					
. Listed investments and cash held for re-investment	11		3,420,816		3,454,039
. Programme related investment	12		215,853		215,853
			5,092,948		5,156,341
Current assets:					
Debtors	13	38,363		35,863	
Cash at bank and in hand		149,247		198,982	
		187,610		234,845	
Liabilities:					
Creditors: amounts falling due within one year	14	(58,305)		(15,371)	
Net current assets			129,305		219,474
Total net assets			5,222,253		5,375,815
The funds of the charitable company:					
Unrestricted funds					
. Tangible fixed assets fund	15		1,456,279		1,486,449
. Programme related investment fund	16		215,853		215,853
. Designated funds	17		1,866,633		1,866,633
. General fund			922,022		959,464
			4,460,787		4,528,399
Restricted funds	18		761,466		847,416
			5,222,253		5,375,815

Approved by the trustees and signed on their behalf by:

Trustee:

Approved on:

Brothers of the Sacred Heart
Company Registration No. 0789531 (England and Wales)

Statement of cash flows Year to 30 June 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	84,247	1,370
Cash flows from investing activities:			
Investment income – listed investments and interest		92,440	97,045
Investment income – programme related investment		12,000	12,000
Purchase of tangible fixed assets		—	(140,125)
Expenditure on programme related investments		—	(5,255)
Proceeds from the disposal of investments		106,000	114,594
Purchase of investments		(322,068)	(219,972)
Net cash used in investing activities		(111,628)	(141,713)
Change in cash and cash equivalents in the year		(27,381)	(140,343)
Cash and cash equivalents at 1 July 2021		268,622	408,850
Change in cash and cash equivalents due to exchange rate movements		608	115
Cash and cash equivalents at 30 June 2022	B	241,849	268,622

Notes to the statement of cash flows for the year to 30 June 2022.

A Reconciliation of net movement in funds to net cash provided by operating activities

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	(153,562)	429,184
Adjustments for:		
Depreciation	30,170	29,483
Losses (gains) on investments	272,253	(344,704)
Investment income	(104,440)	(109,045)
Exchange gains	(608)	(115)
Increase in debtors	(2,500)	(9,648)
Increase in creditors	42,934	6,215
Net cash provided by operating activities	84,247	1,370

B Analysis of changes in cash and cash equivalents

	At 1 July 2021 £	Cash flows £	Exchange gains £	At 30 June 2022 £
Cash at bank and in hand	198,982	(49,735)	—	149,247
Cash held by investment managers	69,640	22,354	608	92,602
Total cash and cash equivalents	268,622	(27,381)	608	241,849

No separate statement of changes in net debt has been prepared as there is no difference between the movements in cash and cash equivalents and movement in net cash (debt).

Principal accounting policies 30 June 2022

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 30 June 2022 with comparative information provided in respect to the year to 30 June 2021.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Under a Uniting Direction issued by the Charity Commission under section 12(1) of the Charities Act 2011, this charity (i.e. Brothers of the Sacred Heart (Charity Registration Number 1146264)) is the reporting charity and its related charity, The Coindre Bursary Trust (Charity Registration Number 1146264-1) is the linked charity. The effect of the Uniting Direction for accountancy and reporting purposes is that a single set of accounts is presented for the two charities combined with The Coindre Bursary Trust shown as a restricted fund. Under the Uniting Direction, both charities continue to exist as independent entities in all other respects.

The charitable company constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining the annual depreciation charge;
- ◆ estimating the value of land included as part of land and buildings to enable the calculation of depreciation on building costs alone;
- ◆ determining the value of designated funds needed at the year end, in particular in respect to the assumptions made in determining the value of the retirement fund; and
- ◆ estimating future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

The charity's investment income may be affected by the continuing volatility in listed investments markets in the aftermath of the Covid-19 pandemic and because of the current macroeconomic and geopolitical climate. Inflation has meant that costs have increased, although the overall impact is expected to be immaterial. The trustees will continue to keep income (particularly that from St Columba's College and Preparatory School) and expenditure under review but do not anticipate that the impact from current climate on the charity's finances will be material or impact on the charity's going concern.

With regard to the next accounting period, the year ending 30 June 2023, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment market. As noted above, this is particularly relevant at the current time in the post Covid-19 pandemic period and with political and economic uncertainties.

Income recognition

Income is recognised in the period in which the charitable company has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, investment income and recharge from associated schools.

Donations, including salaries and pensions of individual religious received under Gift Aid or deed of covenant, are recognised when the charitable company has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charitable company is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charitable company and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Income recognition (continued)

Income from charitable activities consists of a recharge from associated schools and is recognised to the extent that it is probable that economic benefits will flow to the charitable company and the income is capable of financial measurement. It is measured at fair value of the consideration received or receivable, excluding any relevant discounts or value added tax.

Investment income is recognised once the dividend or equivalent has been declared and notification has been received of the amount due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

All other income is recognised to the extent that it is probable that the economic benefits will flow to the charitable company and the revenue can be measured reliably. It is measured at fair value and accounted for on an accruals basis.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charitable company to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charitable company. This includes investment management fees.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charitable company through the provision of its charitable activities. Such costs include charitable donations and grants, costs in respect to the support of members of the Congregation and enabling their ministry, including governance costs.

Charitable grants and donations are made where the trustees consider there is real need following a review of the details of each particular case and comprise single year payments rather than multi-year grants. Grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the period end.

All expenditure is stated inclusive of irrecoverable VAT.

Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

a. Freehold land and buildings

Freehold land and buildings purchased on or prior to 1 July 2015 are included in the financial statements at a valuation determined by the trustees as at that date with professional assistance, based on market value for existing use. As permitted by FRS 102, with effect from 1 July 2015 the value assigned to freehold land and buildings is now deemed its cost. Land and buildings purchased on or after 1 July 2015 are shown on the balance sheet at cost. Freehold land and buildings comprise a large residential convent. Depreciation is provided at 2% per annum on a straight-line basis to write off the building over its estimated useful economic life to the Congregation.

b. Other tangible fixed assets

Plant and other tangible fixed assets are capitalised and depreciated at the following annual rates in order to write them off over their estimated useful lives:

- ◆ Furniture, fittings and equipment – 5% to 25% per annum based on cost
- ◆ Motor vehicles – 25% per annum based on cost

Other tangible fixed assets which have been fully depreciated are written out of the financial statements as their net realisable value is considered to be negligible.

Listed investments and cash held for re-investment

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charitable company does not acquire put options, derivatives or other complex financial instruments.

As noted above the main form of financial risk faced by the charitable company is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Programme related investments

Programme related investments include a building owned by the charitable company but used by another organisation for purposes consistent with the charitable company's objectives. The original cost of the building classified as programme related investment is not known. The value at which the building is included represents expenditure on the building since 2011.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short - term deposits.

Creditors

Creditors are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors are recognised at the amount the charitable company anticipates it will pay to settle the debt.

Fund structure

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions.

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charitable company's charitable objects.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

The tangible fixed assets fund represents the net book value of the charitable company's tangible fixed assets.

The programme related investment fund represents the value of the charitable company's programme related investment. This investment comprises land and building owned by the charitable company but used by another charitable and not-for-profit organisation with objectives consistent with those of the charitable company. It is the intention of the trustees that this asset should continue to be used for this purpose until at least December 2026, the date to which the property is leased, and as such the value should not be regarded as realisable with ease in order to meet future contingencies and/or obligations.

Principal accounting policies 30 June 2022

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

Services provided by members of the Congregation

For the purposes of these financial statements, no value has been placed on administration and other services provided by the members of the Congregation.

Notes to the financial statements 30 June 2022

1 Income from: Donations and legacies

	Un-restricted funds £	Restricted funds £	2022 Total funds £	Un-restricted funds £	Restricted funds £	2021 Total funds £
Pensions and other income of individual religious received under deed of covenant	78,992	—	78,992	73,145	—	73,145
Donations	2,051	333	2,384	200	550	750
	81,043	333	81,376	73,345	550	73,895

2 Income from: Charitable activities

	Un-restricted funds £	Restricted funds £	2022 Total funds £	Un-restricted funds £	Restricted funds £	2021 Total funds £
Recharge from associated schools	215,662	—	215,662	215,321	—	215,321

3 Income from: Investments and interest receivable

	Un-restricted funds £	Restricted funds £	2022 Total funds £	Un-restricted funds £	Restricted funds £	2021 Total funds £
Income from listed investments						
. UK equities and unitised funds	69,738	22,642	92,380	72,120	24,896	97,016
Income from programme related investment	12,000	—	12,000	12,000	—	12,000
Interest receivable	42	18	60	24	5	29
	81,780	22,660	104,440	84,144	24,901	109,045

4 Expenditure on: Support of members of the Congregation and their ministry

	Un-restricted funds £	Restricted funds £	2022 Total funds £	Un-restricted funds £	Restricted funds £	2021 Total funds £
Premises	19,548	—	19,548	63,772	—	63,772
Living and personal costs	45,398	—	45,398	35,338	—	35,338
Support of Brothers in the USA	8,542	—	8,542	6,395	—	6,395
Depreciation	30,169	—	30,169	29,483	—	29,483
Governance (see note 5)	5,070	—	5,070	6,870	—	6,870
Other support costs						
. Professional fees	6,790	—	6,790	5,183	—	5,183
. Accountancy	3,420	—	3,420	6,150	—	6,150
. Other	1,087	—	1,087	—	—	—
	120,024	—	120,024	153,191	—	153,191

Expenditure on premises in 2021 included £45,336 in relation to repairs to the roof of the charity's property.

5 Governance

	Un-restricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Professional fees	5,070	—	5,070	6,870	—	6,870

6. Donations

	Un-restricted funds £	Restricted funds £	2022 Total funds £	Un-restricted funds £	Restricted funds £	2021 Total funds £
Donation to the Congregation's Solidarity Fund – for onward distribution to projects for the relief of poverty and for education.	36,620	—	36,620	18,289	—	18,289
Donations to the Congregation's missions						
. Brothers' Delegation in the Philippines	87,889	—	87,889	112,686	—	112,686
Coindre Bursary – to provide support for students at St Columba's College and Preparatory School	—	44,153	44,153	—	35,000	35,000
Sundry donations	—	—	—	302	—	302
	124,509	44,153	168,662	131,277	35,000	166,277

7. Net income (expenditure) before (losses) gains on investments

This is stated after charging:

	Un-restricted funds £	Restricted funds £	2022 Total funds £	Un-restricted funds £	Restricted funds £	2021 Total funds £
Auditor's remuneration						
. Current year	5,070	—	5,070	4,650	—	4,650
. Previous year	—	—	—	2,220	—	2,220
Depreciation	30,170	—	30,170	29,483	—	29,483

8. Staff costs, key management personnel and trustees' remuneration

The charitable company did not employ any staff during the year (2021 – none).

The key management personnel of the charitable company in charge of directing and controlling, running and operating the charitable company on a day to day basis comprise the trustees. They received nil remuneration or reimbursement of expenses in connection with their duties during the year (2021 – £nil).

The charitable company's trustees are all members of the Congregation. However, as the trustees mostly reside in the US, their living and personal expenses are borne by the Brothers of the Sacred Heart (US Province). Certain expenses are occasionally borne by the charitable company in respect to the general costs of the US Province and these totalled £nil in 2022 (2021 - £nil). No trustee received any remuneration or reimbursement of expenses in connection with their duties as trustees (2021 – none).

9. Taxation

Brothers of the Sacred Heart is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities or tax on capital gains, as it falls within the various exemptions available to registered charities.

10. Tangible fixed assets

	Freehold land and building £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or deemed cost				
At 1 July 2021 and 30 June 2022	1,606,807	62,094	24,278	1,693,179
Cost	138,031	62,094	24,278	224,403
Deemed cost (2015 valuation)	1,468,776	—	—	1,468,776
	<u>1,606,807</u>	<u>62,094</u>	<u>24,278</u>	<u>1,693,179</u>
Depreciation				
At 1 July 2021	146,445	36,007	24,278	206,730
Charge for year	25,165	5,005	—	30,170
At 30 June 2022	<u>171,610</u>	<u>41,012</u>	<u>24,278</u>	<u>236,900</u>
Net book values				
At 30 June 2022	<u>1,435,197</u>	<u>21,082</u>	<u>—</u>	<u>1,456,279</u>
At 30 June 2021	<u>1,460,362</u>	<u>26,087</u>	<u>—</u>	<u>1,486,449</u>

As permitted under FRS 102, the charitable company has now adopted a policy of not revaluing its tangible fixed assets. Tangible fixed assets are stated at cost or deemed cost. Where a valuation has been used in prior periods this has been taken to be deemed cost under the transitional arrangements of FRS 102.

11 Listed investments and cash held for re-investment

	Un- restricted funds £	Restricted funds £	2022 Total funds £	Un- restricted funds £	Restricted funds £	2021 Total funds £
Listed investments						
Market value at 1 July 2021	2,543,028	841,371	3,384,399	2,170,952	763,365	2,934,317
Additions at cost	293,826	28,242	322,068	201,713	18,259	219,972
Disposals at book value						
. Proceeds	(106,000)	—	(106,000)	(86,294)	(28,300)	(114,594)
. Net realised (losses) gains	(5,755)	—	(5,755)	6,349	2,345	8,694
	(111,755)	—	(111,755)	(79,945)	(25,955)	(105,900)
Net unrealised investment (losses) gains	(201,614)	(64,884)	(266,498)	250,308	85,702	336,010
Market value at 30 June 2022	2,523,485	804,729	3,328,214	2,543,028	841,371	3,384,399
Cash held by investment managers for re-investment	92,595	7	92,602	64,145	5,495	69,640
	2,616,080	804,736	3,420,816	2,607,173	846,866	3,454,039
Cost of listed investments at 30 June 2022	2,372,620	553,838	2,926,458	2,175,871	525,596	2,701,467

All investments comprise Class A income units in the Sarasin Alpha Endowment Fund. All listed investments held within the Fund were dealt in on recognised stock exchanges.

12 Programme related investments

Programme related investments comprise a property occupied by St Columba's College and Preparatory School, a charitable and not-for-profit organisation, for purposes consistent with the charitable company's objectives.

	2022 £	2021 £
At 1 July 2021	215,853	210,598
Additions	—	5,255
At 30 June 2022	215,853	215,853

13 Debtors

	2022 £	2021 £
Amounts receivable from St Columba's College and Preparatory School (note 20)	27,134	28,032
Other debtors	9,119	5,764
Prepayments and accrued income	2,110	2,067
	38,363	35,863

14 Creditors – amounts falling due within one year

	2022 £	2021 £
Expense creditors	2,751	5,101
Donations payable	44,153	—
Accruals	11,401	10,270
	58,305	15,371

15 Tangible fixed assets fund

	2022 £	2021 £
At 1 July 2020	1,486,449	1,375,807
Net movement in year	(30,170)	110,642
At 30 June 2021	1,456,279	1,486,449

The tangible fixed assets fund represents the net book value of the charitable company's tangible fixed assets and has been set up in recognition of the fact that the assets are required for the day-to-day work of the charitable company and are not available to finance current expenditure or meet contingencies.

16 Programme related investment fund

The programme related investment fund represents the value of the charitable company's programme related investment. This investment comprises land and buildings owned by the charitable company but used by another charitable and not-for-profit organisation with objectives consistent with those of the charitable company. It is the intention of the trustees that this asset should continue to be used for this purpose until at least 24 December 2026. As such the value should not be regarded as realisable with ease in order to meet future contingencies and/or obligations or part of free reserves.

	2022 £	2021 £
At 1 July 2021	215,853	210,598
Net movement in year	—	5,255
At 30 June 2022	215,853	215,853

17 Designated funds

The income funds of the charitable company include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	At 1 July 2021 £	Amount used £	At 30 June 2022 £
Retirement reserve	1,800,000	—	1,800,000
Property repairs fund	66,633	—	66,633
	1,866,633	—	1,866,633

17 Designated funds (continued)

	At 1 July 2020 £	Amount used £	At 30 June 2021 £
Retirement reserve	1,500,000	300,000	1,800,000
Property repairs fund	250,000	(183,367)	66,633
	<u>1,750,000</u>	<u>116,633</u>	<u>1,866,633</u>

Retirement reserve

During the year to 30 June 2019 the trustees established a retirement reserve, representing monies designated by the trustees to provide for the members of the Congregation in their retirement. It has been calculated using actuarial principles and is reviewed regularly by the trustees in the light of the resources available and those likely to be required.

Property repairs fund

The trustees had set aside £250,000 in the prior year to meet the planned expenditure on the Watling House property. £183,367 was utilised during that year. £66,633 is being maintained in the fund to cover further expenditure on the property.

18 Restricted funds

The income funds of the charitable company include restricted funds comprising the following unexpended balances of monies held on trusts to be applied for specific purposes:

	The Coindre Bursary Trust £	Other funds £	2022 Total funds £	The Coindre Bursary Trust £	Other funds £	2021 Total funds £
At 1 July 2021	846,866	550	847,416	768,906	—	768,906
Income	22,660	333	22,993	24,901	550	25,451
Expenditure	(44,059)	—	(44,059)	(34,988)	—	(34,988)
Gains on investments	(64,884)	—	(64,884)	88,047	—	88,047
At 30 June 2022	<u>760,583</u>	<u>883</u>	<u>761,466</u>	<u>846,866</u>	<u>550</u>	<u>847,416</u>

The Coindre Bursary Trust represents the funds of the linked charity which are to be used to provide bursaries at St Columba's College.

19 Analysis of net assets between funds

	Restricted fund £	General fund £	Designated funds £	Tangible fixed assets fund £	Programme related investment fund £	Total 2022 £
Fund balances at 30 June 2022 are represented by:						
Tangible fixed assets	—	—	—	1,456,279	—	1,456,279
Listed investments	804,736	816,080	1,800,000	—	—	3,420,816
Programme related investments	—	—	—	—	215,853	215,853
Net current assets	(43,270)	105,942	66,633	—	—	129,305
Total net assets	761,466	922,022	1,866,633	1,456,279	215,853	5,222,253

	Restricted fund £	General fund £	Designated funds £	Tangible fixed assets fund £	Programme related investment fund £	Total 2021 £
Fund balances at 30 June 2021 are represented by:						
Tangible fixed assets	—	—	—	1,486,449	—	1,486,449
Listed investments	846,866	807,173	1,800,000	—	—	3,454,039
Programme related investments	—	—	—	—	215,853	215,853
Net current assets	550	152,291	66,633	—	—	219,474
Total net assets	847,416	959,464	1,866,633	1,486,449	215,853	5,375,815

The total unrealised gains as at 30 June 2022 constitute movements on revaluation of investments and are as follows:

	Un-restricted funds £	Restricted funds £	2022 Total funds £	Un-restricted funds £	Restricted funds £	2021 Total funds £
Unrealised gains at 30 June 2022 included above:						
Total unrealised gains on listed investments	150,865	250,891	401,756	367,157	315,775	682,932
Reconciliation of movements in unrealised gains						
Unrealised gains at 1 July 2021	367,157	315,775	682,932	120,928	237,976	358,904
Less: in respect to disposals in the year	(14,678)	—	(14,678)	(4,079)	(7,903)	(11,982)
Add: net gains arising on revaluation arising in the year	(201,614)	(64,884)	(266,498)	250,308	85,702	336,010
Total unrealised gains at 30 June 2022	150,865	250,891	401,756	367,157	315,775	682,932

20 Related party transactions

Brother Ronald Hingle SC, Brother Ivy Leblanc SC and Brother Joseph Holthaus SC were trustees of the Brothers of the Sacred Heart in addition to being trustees of St Columba's College and Preparatory School (the College) during the financial year. During the year to 30 June 2022 income was received from the College as disclosed in notes 1 and 2.

At 30 June 2022, debtors included £27,134 (2021 - £28,032) receivable from the College in relation to recharges under the transfer agreement, stipends of brothers and rental of the programme related investment property (note 13).

The charitable company also reimburses costs in relation to utilities such as gas, electricity, insurance, telephone and food to the College. The amounts reimbursed during the year amounted to £7,560 (2021 - £7,560).

The Coindre Bursary Trust made donations to the College. Donations payable during the year amounted to £44,153 (2021 - £35,000).

Details of other transactions with trustees are disclosed in note 8. There are no further related party transactions requiring disclosure (2021 – none).

21 Liability of the members

In the event of the charitable company being wound up during the period of membership, or within the year following, company members are required to contribute an amount not exceeding £1.